

Focus Area 3

Promoting Sustainability Management

In this focus area, the Norinchukin Bank strives to ensure environmental and social sustainability through business activities under highly objective and transparent business administration systems. In addition to implementing high-level information disclosure, the Bank is constantly reviewing and improving its sustainability management by regularly exchanging opinions with stakeholders and experts.

Topics		Medium-Term Goals
Topic 3-1	Ensure a transparent organizational governing structure	We engage in ceaseless efforts toward realizing highly objective and transparent business administration systems.
Topic 3-2	Reinforce the management of environmental and social risks	We continually identify material sustainability topics based on social conditions and the voice of our stakeholders as well as review risks and business opportunities. We also conduct high-level information disclosure.
Topic 3-3	Reinforce stakeholder engagement	We continually engage in dialogues with stakeholders, reflecting their opinions in business creation and social contribution activities that are unique to the Bank.

Major Initiatives

- Engage in dialogue with sustainability experts
- Exchange opinions on sustainability with stakeholders
- Enhance alliances with cooperative organizations, such as national-level cooperatives

Related SDGs



Ensuring a Transparent Organizational Governing Structure

Management System

Our decision-making is split and coordinated between the Norinchukin Bank Act-stipulated Supervisory Committee and the board of directors, while remaining in compliance with decisions by the Council of Delegates.

The Supervisory Committee decides important matters concerning cooperative organizations, as well as items to submit/report to the Council of Delegates. This committee also holds supervisory authority related to director business execution, and is allowed to request explanations from directors, request to the Council of Delegates that directors be dismissed, and take other such actions. The board of directors makes decisions on business execution, excluding those matters determined by the Supervisory Committee, and conducts mutual oversight of director business execution.

Strengthening Internal Control

In order to fulfill its fundamental mission and social responsibility, the Norinchukin Bank considers the establishment of a business management system as a top priority issue. As such, in order to ensure compliance with corporate ethics, laws, and regulations, as well as ensure appropriate risk management and appropriateness in business execution, we have established basic policies for internal control.

Risk Management

Based on the Basic Policies for Risk Management, which define risk types as well as management systems/methods, we assess risks faced in business operation for materiality, identifies risks under scope of management, and manages each risk according to their particular characteristics. Further, the Bank uses quantification methods to comprehensively

understand these risks and carry out integrated risk management that manages risks and compares risks to our financial strength.

Reinforcing Stakeholder Engagement

The Norinchukin Bank Stakeholders

- Members: Japan Agricultural Cooperatives (JA), Japan Fishery Cooperatives (JF), Japan Forestry Cooperatives (JForest), etc.
- Members of JA, JF, and others (those engaged in the AFF industries), partner companies in deposits, savings, and loans (e.g. companies affiliated with the AFF industries)
- Members of local communities
- Business partners covering all operations: financial institutions, market participants, subcontractors, and more
- Government entities
- Staff

The trust relationships with these stakeholders (those who have interest in the bank) who are closely related to our management and day-to-day business activities were not built overnight, but steadily over our long history since we were established.

These trust relationships are important assets for the Norinchukin Bank, and it is important to maintain and build even stronger trust relationships going forward so that we can fulfill our fundamental mission and social responsibility.

To that end, we will continue to make efforts to build a highly transparent organizational culture by emphasizing disclosure and accountability to our stakeholders.

Exchange of opinions with stakeholders

In formulating our Purpose and The Medium/Long-term Goals, in October 2020 we exchanged opinions with Mr. NAKAI Tokutaro (Vice Minister of the Environment), Ms. KUBO Maiko, (Director of the Environment Policy Office, Ministry of Agriculture, Forestry and Fisheries), and members of the Bank's Supervisory Committee. They listened to an address on the various impacts of climate change and global efforts made by the public and private sector, together with the significance and importance of private-sector initiatives towards solving environmental and social issues. This also shared discussions from the Bank's executive workshop, followed by an exchange of opinions.

Additionally in February 2021, Mr. HANASHI Yasuhiro (State Minister of Agriculture, Forestry and Fisheries), Mr. KUMANO Seishi (Parliamentary Vice-Minister for Agriculture, Forestry and Fisheries), Mr. EDAMOTO Masaaki, (Vice Minister of Agriculture, Forestry and Fisheries), and directors from the Bank met to exchange opinions on the Ministry of Agriculture, Forestry and Fisheries' Strategy for Sustainable Food Systems, MeaDRI which aims to improve agricultural productivity and ensure sustainability. The exchange of opinions was centered on the importance of innovations towards a green food and agriculture value chain as a whole, and on ESG investment.



Discussions with the Ministry of Agriculture, Forestry and Fisheries (online meeting)

Initiatives in Sustainable Finance

Through dialogues with investment and loan clients, we will support their sustainability efforts and create business opportunities. For details on ESG Integration, please see page 26, and for details on Sustainability Linked Loans, please see page 27.

Topics

Engagement by Norinchukin Value Investments Co., Ltd.

Group company Norinchukin Value Investments Co., Ltd. (NVIC) aims to use our refined ability to identify companies with long-term investment potential, our perspective as a long-term investor, and our accumulated experience in dialog with companies on a global scale, and from the perspectives of "capital cost" and "business strategies to build a competitive advantage," to create a dialog that provides managers with meaningful insights.

Since 2019, the Bank has been working in partnership with NVIC in order to use the corporate analysis and know-how in conducting dialogues that NVIC has accumulated since its founding in 2014 so that it can engage in constructive dialogue with the Bank's clients.

Through these Group-wide engagement initiatives, we will contribute to the sustainable development of our investment and loan clients.

Exchange of opinions with members

We are exchanging opinions with members towards implementing sustainable management for all systems. Together with national level JA Zenchu, JA Zen-Noh, JA Kyosairen, the JA Group also participates in the SDG Liaison Conference that discusses the current situation on sustainability as well as initiatives towards the sustainability of the AFF industries and of regions.

We are also exchanging opinions with JA Shinnoren at the Prefectural level regarding JA Bank initiatives.

Exchanges of opinions are also underway with JForest Zenmoriren on forests and the forestry industry, and with JF Zengyoren on the fisheries industry.

Alliances with Cooperative Organizations

A cooperative organization is one established under the slogan of one for all, and all for one, rooting themselves in local communities and promoting mutual assistance between people to stabilize their lifestyles, and playing the role of a revitalizing force in that local community.

The Bank is a member of the International Co-operative Alliance (ICA), a global coalition of 312 cooperative organizations from 109 countries. These cooperatives are based in a variety of fields, from agriculture, to fishery, to forestry, to co-ops. Also, in 2013, the National Council to Commemorate IYC (the International Year of Cooperatives) was formed in Japan; in July 2019, the Japan Co-operative Alliance took on the mantle of that council. The Norinchukin Bank is a participant in the JCA, promoting cooperation with other cooperative organizations.

Cooperative Organizations and the SDGs

Cooperative organizations tackle issues such as poverty and hunger, and are positioned as one important set of stakeholders for achieving the SDGs. The ICA also encourages cooperatives around the world to combine forces and work to achieve the SDGs. In Japan, the government explicitly mentions cooperative organizations in its SDGs Implementation Guiding Principles. In this way, there are great expectations at home and abroad for the role that cooperative organizations play in achieving the SDGs.